

# Audit's<sup>®</sup> MARKET ANALYSIS OF REITS AND REAL ESTATE COMPANIES

# Realty Stock Review

February 9, 1990

Volume XXI, Number 3

## Stat Spotlight: Dividend Growth Still Strong in Top Tier

For most realty stock investors, dividend growth remains the name of the game. Except that in today's uncertain climate, dividend sustainability is part of the game.

We started mulling the question of longer-term dividend growth while refashioning our Portfolio Planner last issue, in which most seasoned equity REITs are labeled "Stable Income with Asset Value Growth." In like vein, the Mortgage REIT group is labeled "Higher Income, Lower Growth and Interest Risks."

We're not sure these headings describe fully the characteristics of the stocks included in each group and so the next RSR issue will contain some revised language. But we think it's useful to take a careful look at longer-term dividend growth — which is much coveted but little understood. Our Statistical Spotlight this month focuses on four aspects of dividends.

**1. MEASURING PAYOUT GROWTH.** Table I on Page 2 shows our computer run of historic dividend growth rates for 80 REITs with three-year operating histories. Since realty stocks started weakening in February and March of 1987 when nationwide overbuilding became a prominent part of the investment scene, this tally essentially covers a period of

deep trauma and pressure on REITs. We have compared annual dividend rates investors are looking at in February 1990 with those same annualized dividends in Jan. 1987, when most of today's REITs were operating. A total 31 REITs raised payout in this span, ten were unchanged, and 39 cut or omitted payout.

Not surprisingly, seven of the top 10 dividend growers come from the ranks of seasoned equity and healthcare leaseback REITs; all have compiled authentic growth records well above the 4.5% inflation rate.

One is the largest health leaseback REIT: **Meditrust**, No. 3 overall. The other six all are seasoned equity REITs: **New Plan Realty**, No. 5; **Federal Realty Inv. Trust**, No. 6; **United Dominion Realty**, No. 7; **Burnham Pacific Properties**, No. 8 including its pre-REIT record as an MLP; **Washington REIT**, No. 9; and **Western Investment RE**, No. 10. Their dividends have grown at 8.0% to 11.6% annual rates and we are confident they can continue to approach these rates in 1990.

But raw data always has to be interpreted and three of the top 10 dividend growers carry these explanations and qualifications:

**Cousins Properties**, ranked No. 1:

Cousins Properties Inc. ....	1&4
Federal Realty Investment .....	1&4
First Union Real Estate .....	4
Health Care Property Investors .....	1&4
IRT Property Co. ....	4
Meditrust .....	1&4
New Plan Realty .....	1, 3&4
Pennsylvania REIT .....	4
Presidential Realty .....	1&4
Property Capital Trust .....	4
REIT of California .....	4
Realty ReFund Trust .....	2&4
United Dominion Realty .....	1
VMS Hotel Investors .....	4
VMS Short-Term Mortgage .....	2&4
Washington REIT .....	1&4
Weingarten Realty .....	1&4
Western Investment RE .....	1&4

This Atlanta based land and investment property developer leads because its Jan. 1987 base is relatively low as it was then just beginning the transition from an operating investment builder to a REIT. Thus Cousins paid 6.7¢ dividend in that March 1987 qtr., its first as a REIT, but moved the basic rate up to 15¢/qtr. by mid-1987 and has held that basic rate since. In 1989 and 1988 it paid extras of 31¢ and 25¢, respectively, based on asset sales.

**Angell Real Estate**, ranked No. 2: A converted MLP which leases back nursing homes to operators, Angell had just declared its initial dividend in Jan. 1987 at \$1.04 annual rate as an MLP. Angell jumped to \$1.52 annual rate by mid-1987 and has held level since. The present level is believed in some peril (see RSR, Dec. 8, 1989) and Angell is changing its name to **Health Equity Properties Inc.** (EQP:NYSE).

**Presidential Realty Cl. B**, ranked No. 4: An investment property owner, Presidential sold most properties several years ago and now holds mortgages arising from those sales plus loans made to cooperative and condominium converters in the New York City area. PDL has just announced that its principal borrower, Ivy Properties, which is owned by individuals who hold 47% of PDL stock, is in default of its loans and is seeking to restructure bank debt. This clouds sustainability of the current dividend.

**Strong But No Cigar.** Another 21 REITs have sustained positive dividend growth during this perilous three years, but their rates don't put them in the top 10. All seem to be backed by solid, if not flashy, operating records. Among those just below the top 10, **Health Care Property Investors** and **Weingarten Realty** have compiled excellent records in healthcare/leasebacks and Houston shop-

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California REIT .....	4
Chicago Dock & Canal .....	4



TABLE I - DIVIDEND GROWTH RATES 1987-1990

RANK	REIT	Ann. Div. Jan-87	Ann. Div. Jan-90	3-Year Annual Change
1	S COUSINS PROPERTIES INC.	\$0.27	\$0.60	31.04%
2	ANGELL REAL ESTATE	1.04	1.52	13.48%
3	MEDITRUST	1.64	2.28	11.61%
4	PRESIDENTIAL REALTY CL. B	1.20	1.66	11.42%
5	NEW PLAN REALTY TRUST	0.80	1.04	9.14%
6	FEDERAL REALTY INVEST. TR.	1.08	1.40	9.04%
7	UNITED DOMINION REALTY	0.96	1.24	8.91%
8	M BURNHAM PACIFIC PROPERTY	1.07	1.36	8.39%
9	S WASHINGTON REIT	0.85	1.08	8.18%
10	S WESTERN INVEST. REAL ESTATE	1.11	1.40	8.15%
11	HEALTH CARE PROPERTIES	2.36	2.96	7.84%
12	WEINGARTEN REALTY	1.56	1.88	6.42%
13	S BRADLEY REAL ESTATE TRUST	0.67	0.80	6.27%
14	BRT REALTY TRUST	1.68	2.00	5.98%
15	REALTY REFUND	1.46	1.72	5.61%
16	S PENNSYLVANIA REIT	1.47	1.72	5.45%
17	AMERICAN HEALTH PROPERTIES	2.00	2.32	5.07%
18	PRUDENTIAL REALTY INCOME	0.60	0.69	4.77%
19	BODDIE NOELL RESTAURANT PROPS.	1.20	1.36	4.26%
20	S IRT PROPERTY CO.	1.02	1.16	4.24%
21	UNIVERSAL HEALTH REALTY	1.32	1.48	3.89%
22	INTL. INCOME PROPERTY	1.00	1.12	3.85%
23	DEL-VAL FINANCIAL	1.74	1.92	3.36%
24	HEALTH CARE REIT	1.56	1.72	3.31%
25	REIT OF CALIFORNIA	1.28	1.38	2.54%
26	ROCKEFELLER CTR. PROPERTIES	1.76	1.88	2.22%
27	S HEALTH & REHAB. PROPS.	1.10	1.16	1.79%
28	DIAL REIT	1.60	1.68	1.64%
29	PROPERTY TRUST OF AMER.	0.80	0.84	1.64%
30	M RPS REALTY TRUST	0.81	0.84	1.22%
31	SANTA ANITA REALTY	2.04	2.08	0.65%
32	VMS HOTEL INVEST. FUND	0.90	0.90	0.00%
33	ASSET INVESTORS CORP.	1.80	1.80	0.00%
34	VMS SHORT-TERM INCOME TR.	1.04	1.04	0.00%
35	STORAGE EQUITIES	1.40	1.40	0.00%
36	MORTGAGE INVESTMENTS PLUS	0.80	0.80	0.00%
37	SIZELER PROPERTY INVESTOR	1.56	1.56	0.00%
38	FIRST UNION REAL ESTATE	1.50	1.50	0.00%
39	BRE PROPERTIES INC. CL. A	2.40	2.40	0.00%
40	HMG-COURTLAND PROPERTIES	0.60	0.60	0.00%
41	CHICAGO DOCK & CANAL TRUST	0.24	0.24	0.00%
42	CAPSTEAD MORTGAGE	2.32	2.24	-1.16%
43	MORTGAGE & REALTY TR.	1.87	1.80	-1.26%
44	A DUKE REALTY INVESTORS	0.72	0.68	-1.89%
45	COLUMBIA REAL ESTATE INV.	1.00	0.92	-2.74%
46	EASTGROUP PROPERTIES	2.90	2.60	-3.57%
47	COPLEY PROPERTIES	1.66	1.44	-4.63%
48	MONY REAL ESTATE	0.88	0.72	-6.47%
49	L&N HOUSING CORP.	1.96	1.60	-6.54%
50	HRE PROPERTIES	2.28	1.80	-7.58%
51	NATIONWIDE HEALTH PROPS.	2.45	1.84	-9.10%
52	MELLON PARTICIPATING MTG.	0.96	0.72	-9.14%
53	CENVILL INVESTORS	2.00	1.40	-11.21%
54	MGI PROPERTIES	1.60	1.12	-11.21%
55	PROPERTY CAPITAL TRUST	1.65	1.12	-12.12%
56	BAY MEADOWS OPER./CALIF. JOCKEY	0.90	0.60	-12.64%
57	M LANDSING PACIFIC FUND	1.21	0.80	-12.88%
58	S REALTY SOUTH INVESTORS	1.60	0.68	-13.93%
59	S MERRY LAND & INVESTMENTS	0.64	0.40	-14.50%
60	MSA REALTY	1.00	0.60	-15.66%
61	LINCOLN NC REALTY	1.48	0.84	-17.20%
62	HOTEL INVESTORS	2.00	1.00	-20.63%
63	TRAMMELL CROW REAL ESTATE INV.	1.40	0.70	-20.63%
64	SIERRA CAPITAL IV	0.65	0.30	-22.72%
65	LOMAS & NETTLETON MTG. TR.	2.68	1.20	-23.50%
66	USP REIT	1.75	0.60	-30.01%
67	COUNTRYWIDE MORTGAGE INV.	1.92	0.64	-30.66%
68	ICM PROPERTY INVESTORS	1.44	0.48	-30.66%
69	CALIFORNIA REIT	1.28	0.40	-32.14%
70	S AMERICAN REALTY TRUST	5.00	1.52	-32.76%
71	TRANSCONTINENTAL RLTY.	1.70	0.40	-38.26%
72	NATIONAL INCOME RLTY.(CCSTS)	2.16	0.48	-39.43%
73	CONTINENTAL MTG. & EQ.(CCITS)	2.40	0.48	-41.52%
74	HEALTHVEST	2.20	0.00	-100.00%
75	ONE LIBERTY PR.	1.72	0.00	-100.00%
76	EOK REALTY INVESTORS I	1.66	0.00	-100.00%
77	HOLLYWOOD PARK REALTY	1.60	0.00	-100.00%
78	WEDGESTONE FINANCIAL	1.56	0.00	-100.00%
79	CLEVETRUST REALTY INVESTORS	1.40	0.00	-100.00%
80	LINPRO SPECIFIED PROPERTIES	1.03	0.00	-100.00%
TOTALS		\$117.38	\$90.61	-8.27%

A—PRO FORMA FOR COMBINATION OF INCOME &amp; CAPITAL SHS.

M—PRO FORMA FOR MERGER WITH PREDECESSORS

S—ADJUSTED FOR SPLITS

ping centers respectively. **Bradley Real Estate**, No. 13, just boosted payout 17.4% to 80¢ annual rate.

Two mortgage trusts rank high. **BRT Realty Trust**, No. 14, a short-term mortgage trust based on Long Island, mainly is a bridge lender on commercial properties in the New York City area. Despite BRT's good record, we are advising caution for now to hedge against its relatively small exposure to the difficult cooperative/condominium market. **Realty ReFund** is a wrap-around mortgage lender with a mature portfolio which has provided high yield for nearly two decades.

**Flat is Good.** An even 10 REITs held dividends level during these turbulent years, no mean feat. There are some very strong equity trusts in this group. **Asset Investors Inc.** (No. 33) is the highest ranking collateralized mortgage obligation (CMO) REIT with a flat point-to-point performance that results from a big dividend rise followed by a fallback. **VMS Short-Term Mortgage** (No. 34) holds at a yield guaranteed by sponsor VMS Realty, which recently reported losing \$125 mil.

**The Cutters and Omitters.** Another 31 REITs have cut payout during those three years but have sustained some dividends. Finally, seven REITs have omitted payout altogether. For the entire group of 80 REITs, dividends have fallen at an 8.27%

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TABLE II - REITS RANKED BY CURRENT DIVIDEND YIELD

RANK	REIT	Div. Paid Since	Ann. Div. Jan-90	3-Year Annual Change					
1	VMS HOTEL INVEST. FUND	1986	0.90	32.73%	67	NEW PLAN REALTY TRUST	1942c	1.04	6.12%
2	PRESIDENTIAL REALTY CL. B	1980	1.66	30.18%	68	WEINGARTEN REALTY	1958c	1.88	6.11%
3	S AMERICAN REALTY TRUST	1987	1.52	25.33%	69	S WASHINGTON REIT	1962	1.08	6.08%
4	LOMAS & NETTLETON MTG. TR.	1970	1.20	23.41%	70	HMG-COURTLAND PROPERTIES	1972	0.60	5.45%
5	ASSET INVESTORS CORP.	1987	1.80	22.86%	71	S COUSINS PROPERTIES INC.	1980c	0.60	3.87%
6	VMS SHORT-TERM INCOME TR.	1985	1.04	22.49%	72	BAY MEADOWS OPER./CALIF. JOCKEY	1972	0.60	3.78%
7	ANGELL REAL ESTATE	1987c	1.52	19.93%	73	CHICAGO DOCK & CANAL TRUST	1962	0.24	1.23%
8	HOTEL INVESTORS	1971	1.00	18.18%	74	HEALTHVEST	1986e	0.00	0.00%
9	BRT REALTY TRUST	1986	2.00	17.98%	75	ONE LIBERTY PR.	1983e	0.00	0.00%
10	TRAMMELL CROW REAL ESTATE INV.	1986	0.70	17.50%	76	EQK REALTY INVESTORS I	1985e	0.00	0.00%
11	COUNTRYWIDE MORTGAGE INV.	1985	0.64	17.07%	77	HOLLYWOOD PARK REALTY	None	0.00	0.00%
12	CONTINENTAL MTG. & EQ.(CCITS)	1989	0.48	16.70%	78	WEDGESTONE FINANCIAL	None	0.00	0.00%
13	CALIFORNIA REIT	1969	0.40	15.24%	79	CLEVETRUST REALTY INVESTORS	None	0.00	0.00%
14	CAPSTEAD MORTGAGE	1985	2.24	15.06%	80	LINPRO SPECIFIED PROPERTIES	None	0.00	0.00%
15	NATIONAL INCOME RLTY.(CCSTS)	1979	0.48	14.77%		TOTALS		\$90.61	9.74%
16	CENVILL INVESTORS	1976	1.40	14.74%					
17	MORTGAGE & REALTY TR.	1971	1.80	14.26%					
18	S REALTY SOUTH INVESTORS	1985	0.68	13.95%					
19	L&N HOUSING CORP.	1981	1.60	13.76%					
20	M RPS REALTY TRUST	1985b	0.84	13.71%					
21	USP REIT	1971	0.60	13.71%					
22	TRANSCONTINENTAL RLTY.	1984	0.40	13.33%					
23	MELLON PARTICIPATING MTG.	1985	0.72	13.09%					
24	A DUKE REALTY INVESTORS	1986b	0.68	12.95%					
25	STORAGE EQUITIES	1981	1.40	12.87%					
26	EASTGROUP PROPERTIES	1970b	2.60	12.84%					
27	COLUMBIA REAL ESTATE INV.	1986	0.92	12.69%					
28	S HEALTH & REHAB. PROPS.	1987	1.16	12.54%					
29	MEDITRUST	1986	2.28	12.08%					
30	NATIONWIDE HEALTH PROPS.	1986	1.84	12.07%					
31	HEALTH CARE REIT	1971	1.72	11.97%					
32	BODDIE NOELL RESTAURANT PROPS.	1987	1.36	11.96%					
33	REALTY REFUND	1971	1.72	11.86%					
34	MORTGAGE INVESTMENTS PLUS	1985	0.80	11.85%					
35	COPLEY PROPERTIES	1985	1.44	11.64%					
36	UNIVERSAL HEALTH REALTY	1987	1.48	11.50%					
37	PRUDENTIAL REALTY INCOME	1985	0.69	11.27%					
38	SIZELER PROPERTY INVESTOR	1987	1.56	11.14%					
39	DIAL REIT	1987	1.68	10.67%					
40	DEL-VAL FINANCIAL	1973	1.92	10.52%					
41	AMERICAN HEALTH PROPERTIES	1987	2.32	10.48%					
42	HEALTH CARE PROPERTIES	1985	2.96	10.34%					
43	LINCOLN NC REALTY	1986	0.84	10.18%					
44	MONY REAL ESTATE	1970	0.72	10.11%					
45	MGI PROPERTIES	1972	1.12	9.74%					
46	M LANDSING PACIFIC FUND	1985b	0.80	9.55%					
47	ROCKEFELLER CTR. PROPERTIES	1985	1.88	9.46%					
48	PROPERTY CAPITAL TRUST	1969	1.12	9.43%					
49	REIT OF CALIFORNIA	1969	1.38	9.36%					
50	S IRT PROPERTY CO.	1969b	1.16	9.19%					
51	HRE PROPERTIES	1970	1.80	9.17%					
52	PROPERTY TRUST OF AMER.	1970	0.84	9.08%					
53	FIRST UNION REAL ESTATE	1962	1.50	9.02%					
54	INTL. INCOME PROPERTY	1979	1.12	8.45%					
55	BRE PROPERTIES INC. CL. A	1970	2.40	8.35%					
56	S MERRY LAND & INVESTMENTS	1987	0.40	8.00%					
57	S WESTERN INVEST. REAL ESTATE	1965	1.40	7.78%					
58	SANTA ANITA REALTY	1977	2.08	7.78%					
59	UNITED DOMINION REALTY	1973	1.24	7.40%					
60	M BURNHAM PACIFIC PROPERTY	1966c	1.36	7.25%					
61	S BRADLEY REAL ESTATE TRUST	1961	0.80	7.19%					
62	SIERRA CAPITAL IV	1985	0.30	7.06%					
63	MSA REALTY	1984	0.60	6.76%					
64	ICM PROPERTY INVESTORS	1985	0.48	6.74%					
65	FEDERAL REALTY INVEST. TR.	1962	1.40	6.71%					
66	S PENNSYLVANIA REIT	1962	1.72	6.62%					

A—PRO FORMA FOR COMBINATION OF INCOME &amp; CAPITAL SHS.

B—INCLUDES PREDECESSORS VIA MERGER

C—INCLUDES OPERATION AS COMPANY OR MLP

E—MADE PAYMENT IN 1989, OMITTED SUBSEQUENTLY

M—PRO FORMA FOR MERGER WITH PREDECESSORS

S—ADJUSTED FOR SPLITS

annual rate over the three years. Full omissions have hit the list the hardest, and total dividends would have fallen only 5.4% without their impact.

**2. CURRENT YIELD - HOW HIGH?** Investors always search after the highest current yield — but only if that yield is consistent with risk. Our general rule is that if current yield seems too high to be true — it probably is. Avoid those stocks, because the market is just waiting for the other shoe to drop. Table II on Page 3 lists current dividend yields including a dozen REIT stocks yielding over 15%. This simply measures the latest dividend against market price. But if payout were to be cut or omitted, the high current yield vanishes.

**3. VITAL TOTAL RETURN.** Dividend growth is the cornerstone of realty stock investing because dividends provide such a large share of total return, which we define as the sum of current dividend yield plus price appreciation. Logically and all other items being equal, historic dividend growth, if sustainable, should translate into average future price change.

Thus in deciding which stocks to include in Portfolio Planner, we normally estimate a dividend growth rate (which is based on historic growth rates) for a stock and add that growth rate to current yield to estimate total return. Applying this basic estimating method to **New Plan Realty Trust**, for example, would produce a total return estimate of 15.26% (or the sum of 6.12% current dividend yield and 9.14% historic dividend growth). We'd estimate future average price changes will reflect historic growth.

Given today's uncertain real estate market, we prefer to look at one-year total return estimates, and haven't been too generous in estimating future dividend growth rates. Table III tallies estimated total return (historic dividend growth + current yield) and appears on Page 4. As with dividend yield, if estimated total return using the above method looks too good to be true, beware.



TABLE III - TOTAL RETURN ESTIMATES FOR 80 REITS

RANK	REIT	3-Year Annual Change	Curr. Yield	Yield + Div. Growth					
1	PRESIDENTIAL REALTY CL. B	11.42%	30.18%	41.60%	67	SIERRA CAPITAL IV	-22.72%	7.06%	-15.66%
2	S COUSINS PROPERTIES INC.	30.82%	3.87%	34.69%	68	USP REIT	-30.01%	13.71%	-16.30%
3	ANGELL REAL ESTATE	13.48%	19.93%	33.41%	69	CALIFORNIA REIT	-32.14%	15.24%	-16.90%
4	VMS HOTEL INVEST. FUND	0.00%	32.73%	32.73%	70	ICM PROPERTY INVESTORS	-30.66%	6.74%	-23.92%
5	BRT REALTY TRUST	5.98%	17.98%	23.96%	71	NATIONAL INCOME RLTY.(CCSTS)	-39.43%	14.77%	-24.66%
6	MEDITRUST	11.61%	12.08%	23.69%	72	CONTINENTAL MTG. & EQ.(CCITS)	-41.52%	16.70%	-24.82%
7	ASSET INVESTORS CORP.	0.00%	22.86%	22.86%	73	TRANSCONTINENTAL RLTY.	-38.26%	13.33%	-24.93%
8	VMS SHORT-TERM INCOME TR.	0.00%	22.49%	22.49%	74	HEALTHVEST	-100.00%	0.00%	NA
9	HEALTH CARE PROPERTIES	7.84%	10.34%	18.18%	75	ONE LIBERTY PR.	-100.00%	0.00%	NA
10	REALTY REFUND	5.61%	11.86%	17.47%	76	EQK REALTY INVESTORS I	-100.00%	0.00%	NA
11	UNITED DOMINION REALTY	8.91%	7.40%	16.31%	77	HOLLYWOOD PARK REALTY	-100.00%	0.00%	NA
12	BODDIE NOELL RESTAURANT PROPS.	4.26%	11.96%	16.22%	78	WEDGESTONE FINANCIAL	-100.00%	0.00%	NA
13	S IRT PROPERTY CO.	6.88%	9.19%	16.07%	79	CLEVETRUST REALTY INVESTORS	-100.00%	0.00%	NA
14	PRUDENTIAL REALTY INCOME	4.77%	11.27%	16.04%	80	LINPRO SPECIFIED PROPERTIES	-100.00%	0.00%	NA
15	S WESTERN INVEST. REAL ESTATE	8.04%	7.78%	15.82%		TOTALS	-8.06%	9.74%	1.68%
16	FEDERAL REALTY INVEST. TR.	9.04%	6.71%	15.75%		A—PRO FORMA FOR COMBINATION OF INCOME & CAPITAL SHS.			
17	M BURNHAM PACIFIC PROPERTY	8.39%	7.25%	15.64%		M—PRO FORMA FOR MERGER WITH PREDECESSORS			
18	AMERICAN HEALTH PROPERTIES	5.07%	10.48%	15.55%		S—ADJUSTED FOR SPLITS			
19	UNIVERSAL HEALTH REALTY	3.89%	11.50%	15.39%					
20	HEALTH CARE REIT	3.31%	11.97%	15.28%					
21	NEW PLAN REALTY TRUST	9.14%	6.12%	15.26%					
22	M RPS REALTY TRUST	1.22%	13.71%	14.93%					
23	S WASHINGTON REIT	8.31%	6.08%	14.39%					
24	S HEALTH & REHAB. PROPS.	1.79%	12.54%	14.33%					
25	CAPSTEAD MORTGAGE	-1.16%	15.06%	13.90%					
26	DEL-VAL FINANCIAL	3.36%	10.52%	13.88%					
27	S BRADLEY REAL ESTATE TRUST	6.25%	7.19%	13.44%					
28	MORTGAGE & REALTY TR.	-1.26%	14.26%	13.00%					
29	STORAGE EQUITIES	0.00%	12.87%	12.87%					
30	DIAL REIT	1.64%	10.67%	12.31%					
31	INTL. INCOME PROPERTY	3.85%	8.45%	12.30%					
32	S PENNSYLVANIA REIT	5.37%	6.62%	11.99%					
33	REIT OF CALIFORNIA	2.54%	9.36%	11.90%					
34	MORTGAGE INVESTMENTS PLUS	0.00%	11.85%	11.85%					
35	ROCKEFELLER CTR. PROPERTIES	2.22%	9.46%	11.68%					
36	SIZELER PROPERTY INVESTOR	0.00%	11.14%	11.14%					
37	A DUKE REALTY INVESTORS	-1.89%	12.95%	11.06%					
38	PROPERTY TRUST OF AMER.	1.64%	9.08%	10.72%					
39	WEINGARTEN REALTY	4.24%	6.11%	10.35%					
40	COLUMBIA REAL ESTATE INV.	-2.74%	12.69%	9.95%					
41	EASTGROUP PROPERTIES	-3.57%	12.84%	9.27%					
42	FIRST UNION REAL ESTATE	0.00%	9.02%	9.02%					
43	SANTA ANITA REALTY	0.65%	7.78%	8.43%					
44	BRE PROPERTIES INC. CL. A	0.00%	8.35%	8.35%					
45	L&N HOUSING CORP.	-6.54%	13.76%	7.22%					
46	COPLEY PROPERTIES	-4.63%	11.64%	7.01%					
47	HMG-COURTLAND PROPERTIES	0.00%	5.45%	5.45%					
48	MELLON PARTICIPATING MTG.	-9.14%	13.09%	3.95%					
49	MONY REAL ESTATE	-6.47%	10.11%	3.64%					
50	CENVILL INVESTORS	-11.21%	14.74%	3.53%					
51	NATIONWIDE HEALTH PROPS.	-9.10%	12.07%	2.97%					
52	HRE PROPERTIES	-7.58%	9.17%	1.59%					
53	CHICAGO DOCK & CANAL TRUST	0.00%	1.23%	1.23%					
54	S REALTY SOUTH INVESTORS	-13.93%	13.95%	0.02%					
55	LOMAS & NETTLETON MTG. TR.	-23.50%	23.41%	-0.09%					
56	MGI PROPERTIES	-11.21%	9.74%	-1.47%					
57	HOTEL INVESTORS	-20.63%	18.18%	-2.45%					
58	PROPERTY CAPITAL TRUST	-12.12%	9.43%	-2.69%					
59	TRAMMELL CROW REAL ESTATE INV.	-20.63%	17.50%	-3.13%					
60	M LANDSING PACIFIC FUND	-12.88%	9.55%	-3.33%					
61	S MERRY LAND & INVESTMENTS	-14.50%	8.00%	-6.50%					
62	LINCOLN NC REALTY	-17.20%	10.18%	-7.02%					
63	S AMERICAN REALTY TRUST	-32.76%	25.33%	-7.43%					
64	BAY MEADOWS OPER./CALIF. JOCKEY	-12.64%	3.78%	-8.86%					
65	MSA REALTY	-15.66%	6.76%	-8.90%					
66	COUNTRYWIDE MORTGAGE INV.	-30.66%	17.07%	-13.59%					

On this basis we would not rely blindly upon the top 10 total returns in making current investments. As noted, **Presidential Realty, Angell Real Estate, VMS Hotel, VMS Short-Term, BRT Realty and Asset Investors** all have a risk element. **Cousins Properties** is a statistical aberration. That leaves **Meditrust, Health Care Property and Realty ReFund** atop the sustainable total return list. Positions 11 through 20 on this list are dominated by seasoned equity trusts with strong value-added records, and this is the group we'd favor for longer-term investing.

**4. DIVIDEND BLUE BLOODS.** REITs who've been paying cash dividends for many years have demonstrated staying power through good times and bad. Their long track records give them blue blood status. To spotlight these blue bloods, we've included in Table II the year since which each REIT has paid continuous cash dividends.

To maximize value of this dividend track record, we've dated each REIT from its earliest payment date, including predecessors of merged entities, and REITs which operated as companies before switching to REIT status. On this basis 14 REITs have been paying dividends continuously for over two decades, and two — **New Plan Realty** and **Weingarten Realty** — predate legalization of REITs in Sept. 1960. Both operated as companies before converting to REITs in 1972 and 1985 respectively. Our list of REITs who've paid dividends for 20 years or more:

1. New Plan Realty .....	1942	-2.85
2. Weingarten Realty .....	1958	-15.80
3. Bradley Real Estate .....	1961	-34.21
4. Chicago Dock & Canal .....	1962	-50.77
5. Federal Realty Investment .....	1962	-28.11
6. First Union Real Estate .....	1962	-48.09
7. Pennsylvania REIT .....	1962	-37.90
8. Washington REIT .....	1962	-6.05
9. Western Invest. RE .....	1965	-17.17
10. Burnham Pacific Proprs. ....	1966	-34.92
11. California REIT .....	1969	-40.91
12. IRT Property Co. ....	1969	-30.44
13. REIT of California .....	1969	-7.97
14. Property Capital Trust .....	1969	-40.82

354.19  
-25.38